MCF 3M Opener

Determine both the present value and the interest earned on an investment that will be worth $5000 in 3 years if the interest rate is 4%/a compounded monthly.

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$A = P(1+i)^n$

$5000 = P(1.0033)^{36}$

$5000 = P(1.1259)$

$\frac{5000}{1.1259} = P$

$4440.39 = P$

$5000 - 4440.39 = \$559.11$ Interest

Using TVM Solver

$4435.49

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Compounding Periods

Daily	365
Weekly	52
Bi weekly	26
Quarterly	4
Monthly	12
Semi Annually	2
Annually	1
Semi Monthly	(24)

0.005 %

1ST 15TH

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N=
I%=
PV=
PMT=
FV=
P/Y=
C/Y=
PMT= END

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One Time Investment

N= # of years
I%= percentage %
PV= present value
PMT= payment (-)
FV= future value
P/Y= payments/year
C/Y= compounding/year
PMT= END

Alpha Solve

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2. Guo is a civic employee. His last contract negotiated a 2.75% increase each year for the next 4 years. Guo's current salary is $48 500 per year. What will his salary be in 4 years?

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N= 4
I%= 2.75
PV= 48 500
PMT= 0
FV= 0
P/Y= 1
C/Y= 1
PMT= END

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N= 4
I%= 2.75
PV= 49 500
PMT= 0
FV= AlphaSolve −54 059.13
P/Y= 1
C/Y= 1
PMT= END

Guo will earn $54 059.13 after 4 years.

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N= 2
I%= 5.9
PV= 675
PMT= 0
FV= 759.24
P/Y= 1
C/Y= 2
PMT= END

2
5.75
675
0
757.06
1
12

Beverley will earn $83.24 after 2 years with option A.

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